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MONTANA LETTER

June 4, 1973

TRADE IMPORTANCE EMPHASIZED

The tremendous importance of exports to our agriculture and the favorable effect of such exports to the Nation were emphasized recently by Secretary of Agriculture Earl L. Butz in a statement before the Ways and Means Committee of the House of Representatives.

Growing exports are vital to the health of our agricultural sector, the Secretary declared.

"Exports are responsible for about 15 percent of cash farm income and it could be reasoned that exports provide about one-fifth to one-quarter of net farm income. That is because land and other fixed costs are already in place for domestic production, and they continue whether we export or not. Exports add to farm returns and permit farmers to farm at nearer full capacity with lower per unit costs.

This year, he continued, we are exporting the produce of more than 80 million acres, equivalent to nearly 30 percent of harvested cropland. This means that the production from one-fourth to one-third of the land being cropped by U.S. farmers today depends on export markets.

These agricultural exports stimulate

domestic economic growth, Butz continued. Agriculture, the largest industry in the Nation today, is related to the employment of around 16.5 million people, about one-fifth of the total U.S. labor force. Agriculture generates over 16 percent of the total gross National product.

"The impact of the dramatic upsurge in farm exports in recent months already is



Certificates in recognition of their years of service to agriculture were awarded recently to these State office employees. The certificate I'm presenting to Marjorie Williams, secretary in the Production Adjustment section, is for 10 year's service. Everett Woodgerd (left), district director, and Chuck Crouse (third from right), price support specialist, received 30-year certificates. Russ Flattum (right), price support specialist, received a 20-year certificate, and Paul Renford, off-set press operator, received a 25-year award.

being felt in the non-farm economy. Based on an estimate of more than 5,000 jobs generated in warehousing, transportation, trade and elsewhere from each \$100 million of grain exported and 4,200 jobs for each \$100 million in

soybeans, we calculate that increased exports this fiscal year of grain and soybeans alone have meant well over 100,000 new jobs off the farm," the Secretary explained.

In addition, he said, this year's exports mean \$150 million more in receipts for the transportation and warehousing industries. Railroads accepted deliveries of 4,117 covered hopper cars during the first quarter of the year, twice as many as in the same period last year, and railroads and shippers had over 9,000 more on order as of April 1. Barge builders have a backlog of orders representing a year and one-half of work.

Agriculture makes another important contribution to the economy by contributing a surplus to the trade balance, and it is capable of increasing that surplus, according to Secretary Butz.

"Since 1969 agricultural exports have risen from \$5.7 billion to an estimated \$11.1 billion in fiscal year 1973. Even without the sales to Mainland China and the Soviets, and the price effects of these sales, we still would come up with exports of over \$9 billion," he declared.

"Comparing our calendar year 1972 exports of \$9.4 billion with those of other sectors in the economy, we see that agricultural exports nearly equaled the total value of all our exports of non-electrical industrial machinery. They are more than double our total chemical exports, and roughly three times the export of all U.S. consumer goods.

"While the calendar year 1972 trade deficit for non-agricultural products jumped sharply to a record high of \$9.3 billion, agriculture was piling up a

trade surplus of \$2.9 billion. But that doesn't tell the whole story. More than \$2 billion of our agricultural imports are coffee, tea, bananas and other products we don't grow. When we get into competition -- where it is U.S. agriculture against other suppliers of similar products -- and we compare other commercial exports with competitive imports, we have a trade surplus of \$4 billion."

Looking ahead, Secretary Butz projected that U.S. agricultural exports under current programs and policies will increase at an annual compounded rate of about 5 percent. Liberalization of import restrictions in major foreign markets could substantially increase this growth rate, he added.

BINS FOR SALE

LOCATION	NO. OF BINS	DATE AND TIME	
WINIFRED	31	JUNE 11	2 P.M.
LORING	45	JUNE 12	10 A.M.
MALTA	44		2 P.M.
GLENTANA	28	JUNE 13	10 A.M.
FOUR BUTTES	21		2 P.M.
POWER	30		10 A.M.
BRADY	70		2 P.M.
LEDGER	45	JUNE 14	10 A.M.
VALIER	56		2 P.M.
WOLF POINT	23		10 A.M.
RUDYARD	42	JUNE 15	10 A.M.

WHEAT, BARLEY RATES STEADY

County price support rates for wheat and barley will be the same this year as they were in 1972. These are the rates at which loans are made to farmers who offer their grain as collateral and at which eligible 1973-crop grain will be purchased

at the end of the support period in the spring of 1974.

The rates are based on a national average loan level of \$1.25 per bushel of wheat and 86 cents per bushel of barley. Schedules of premiums and discounts, also unchanged from 1972, will be used to reflect the value of grain which varies from the basic loan quality - U.S. No. 2 or better for barley, and U.S. No. 1 for wheat.

One major change in the wheat price support program this year is elimination of the discount on varieties having undesirable milling and baking characteristics. This discount was designed to discourage production of varieties considered undesirable. The percentage of these varieties in the total wheat crop decreased from 7 percent in 1956 when the discount was first applied to less than $\frac{1}{2}$ of 1 percent in 1969.



LOAN SERVICE FEES GOING UP

Commodity loans will cost more this year as service fees are brought more nearly in line with the actual expense of processing loans. This is the first increase in service fees since 1969. Meanwhile, our costs for salaries and for the travel necessary to inspect and approve loans has steadily increased.

The new fees, which will be charged on all 1973-crop loans, will be:

Farm-Stored Loans

- (1) \$10 per loan for quantities up to 2,000 bushels or hundredweight,
- (2) \$10 per loan plus one-half cent per bushel or one cent per hundredweight for each bushel or hundred-

weight over 2,000 bushels or hundredweight. No fee will exceed \$25 per loan disbursed.

Warehouse Storage Loans

\$6 per loan with a single warehouse receipt, plus \$1 for each additional receipt.

Fees since 1969 have been \$8 per farm-stored loan and \$4 for each warehouse loan.

ASCS IS CONTACT ON FUEL NEEDS

Food cultivation, production and preservation have been assigned the highest priority in the OOG's voluntary allocation program for crude oil and refined products. And ASCS offices have been designated as contact points where farmers and ranchers may report any shortages of fuel that require exercise of the priorities.

Reports will be forwarded to the Office of Oil and Gas (OOG) of the Interior Department so that necessary allocations can be made under the priority system.

OOG has asked each fuel source to make available to each of its customers the same percentage of its total supply as it did in the past based on quarterly distributions over a one-year period beginning with the last quarter of 1971. The voluntary program provides that up to 10 percent of any supplier's total sales during the base period should be used as a "safety-valve" to supply priority users who cannot get enough petroleum under normal allocation procedures. This is the quantity that will be allocated to assure food cultivation, production and preservation.

USDA is also working closely with the Departments of Interior and Treasury to encourage farm fuel conservation practices. Suggestions in this area include keeping tractors tuned and using minimum tillage practices. USDA officials also urge agricultural users to buy only the fuel

they need for the near future. This will help to spread the available supply to meet the needs of all farmers.

CCC INCREASES STORAGE RATES

Higher costs for storing and handling grain are reflected in an increase in the rates Commodity Credit Corporation (CCC) will pay warehousemen under the



Uniform Grain Storage Agreement (UGSA). New rates which become effective July 1 are the first change in UGSA rates since 1971.

In making the current rate adjustment, CCC eliminated the dual storage rate provision

of recent years which gave a "High" rate during the year grain was deposited and for the next calendar year and a "low" rate in subsequent storage years. The new rates will be 2/1000 of a cent per bushel per day higher than the former "high" storage rates. Including this increase, the annual storage rate will be 15.330 cents per bushel for all grains stored commingled, except for oats which will earn storage at the rate of 12.045 cents per bushel.

The meaning of this increase to farmers is two fold. When and if resale loan programs are in effect (but there are none for the resale year which begins June 1) farmers storing resale loan grain will receive the same rate as paid to commercial warehousemen. Secondly, producers who store 1973-crop grain in warehouses under price support loan will pay the higher rates to store it to loan maturity.

Beginning July 1, CCC will also increase the amount paid to warehouses for receiving grain by $\frac{1}{2}$ cent a bushel to

5 cents. Rates for loading grain out of warehouses are unchanged.

FORMER COMMITTEEMAN PASSES

R. O. Burch, a 12-year member of the Carter ASC County committee, died suddenly late in April following a heart attack at his ranch home.

Mr. Burch had been chairman of the county committee several years, including 1972 when he completed his permitted period of time on the committee.

In addition to his ASC activities, he was a member of the Carter County Fair Board, a 4-H leader, vice-president of the Carter County Stockgrowers, a director of the Nation's Center Wool Pool, a school district trustee for 30 years, and active in many other community activities.

We extend our sympathy to Mrs. Burch and to the children in their loss.

SPREADING IT THIN ... AND QUICK

THE LOAN AND PURCHASE rate for rye grown by Montana producers this year will be 75 cents per bushel. The rate and the schedule of premiums and discounts are the same as for 1972... WHEAT PRICES NATIONALLY averaged \$2.15 per bushel at mid-May, the same as in April. Wheat parity on May 15 had advanced to \$3.32 per bushel compared with \$3.26 a month earlier....STATISTICAL REPORTING SERVICE also reported mid-May wool prices had declined to 82.1 cents per pound from 91.3 cents in April. May parity was \$1.18 per pound.

Roy Killenbeck, Chairman
Montana State ASC Committee
P.O. Box 670
Bozeman, MT 59715